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SENATE BILL 474

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

Gerald P. Ortiz y Pino

AN ACT

RELATING TO HEALTH INSURANCE; CHARGING THE INSURANCE DIVISION
WITH TRANSPARENT RULEMAKING; MANDATING THAT HEALTH INSURERS
MAKE CERTAIN DISCLOSURES RELATING TO HEALTH INSURANCE POLICIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the New Mexico Insurance Code
is enacted to read:

"[NEW MATERIAL] DISCLOSURES REQUIRED.--

A. The insurance division shall promulgate rules to
require that health insurers make the following disclosures to
purchasers who request quotes for comprehensive major medical
insurance:

(1) commissions and other compensation that a
broker or agent will receive contingent upon the policy being
issued;

.172543.1

underscored material = new
[bracketed material] = delete

1 (2) the history of rate changes for the type
2 of policy being considered over the preceding five years; and

3 (3) for each of the preceding five years, the
4 medical loss ratio for a policy with a substantially similar
5 experience rating, as defined by the superintendent, that a
6 health insurer offers to a purchaser.

7 B. As used in this section:

8 (1) "comprehensive major medical insurance"
9 means any hospital- or medical-expense-incurred policy;
10 nonprofit health care plan service contract or coverage of
11 services; or health maintenance organization subscriber
12 contract or coverage of services;

13 (2) "health insurer" means a person duly
14 authorized in the state pursuant to the New Mexico Insurance
15 Code to transact the business of health insurance;

16 (3) "medical loss ratio" means the sum of
17 claims that a health insurer incurs divided by premiums earned
18 per policy year for the type of insurance product for which a
19 health insurer provides a quote;

20 (4) "purchaser" means a consumer, employer or
21 other payer for health insurance or health care financing; and

22 (5) "quote" means an estimate of the cost of
23 an insurance policy that a health insurer provides to a
24 potential purchaser."